Exhibit 2B Reserve Study Responses:

1. With respect to actuarial methodologies used to determine and monitor carried loss and loss adjustment expense reserves for medical malpractice business, CNA reviews all products associated with medical malpractice at least once per year. Many of the products are reviewed twice per year. We review all medical malpractice products, including but not limited to:
    - Nurses
    - Dentists
    - Physicians
    - Primary Medical Institutions (Hospitals and Allied Medical Facilities)
    - Excess Medical Institutions (Hospitals and Allied Medical Facilities) – at least excess of $1M SIR or underlying coverage.
    - Chiropractors

    CNA employs methods to project ultimate losses and allocated loss adjustment expenses (ALAE) separately that are commensurate with the type of business written. Most of the business written is of a primary nature (where CNA is first dollar), and customary actuarial methods are employed. For Excess analyses, such as in the Excess Medical Institutions book, a Bornheuter-Ferguson approach and/or an excess modeling approach are used. In all cases, there would be judgment applied after examining the results of the various methods employed.

    These reviews are used as backup for the Actuarial Opinion for CNA, within the filed Annual Statement.

2. Regarding the adequacy of medical malpractice loss and loss adjustment expense reserves as of the most recent year-end, the carried medical malpractice loss and ALAE reserves as of December 31, 2008 are not significantly different from the actuarial point estimate.

    The following are the NET changes for the overall calendar year developments that have taken place for the Continental Casualty Company and Continental Insurance Company consolidated companies combined (for only Medical Malpractice – ALL states combined). These are taken from Schedule P of the Annual Statements, thus NET only results are shown. Gross changes would be larger to some degree, with similar comments.

Data as of 12/31/xxxx	NET Change (in Millions)	
2008	$9.1	released, favorable change
2007	$67.6	
2006	$44.7	
2005	($32.7)	(strengthened, unfavorable change)
2004	($32.2)	
2003	($101.7)	

In 2003, there was a generally worsening of severities in the physicians and excess medical institutions products. The increases in the physician product mostly came from the states of Oregon, Arizona, California and Nevada. Since that time, CNA has not targeted the individual first dollar physician marketplace as a countrywide strategy, although our risk appetite continues for large multi-specialty practices that are able to assume a large deductible or high self-insured retention and meet our underwriting guidelines. In Arizona, California and Nevada, physician writings have not been pursued. For the excess medical institutions, reserves were evaluated on an account by account basis, and where claims had been expected to be less than the point at which the Combined Companies' coverage applies. The current claim trends now indicate that the layers of coverage provided by the Combined Companies will be affected.

In 2004, the Nurses product was the major source of development, with lesser amounts in the Physicians and Primary Medical Institutions products. The nurses' program showed a higher number and size of claims than had been previously indicated. The physicians and primary institutions programs showed a higher incidence of large claims.

In 2005, the Excess Medical Institutions product showed development due primarily to large claims.

In 2006, the favorable development is due to improved severity and frequency in the healthcare professional liability business, primarily in the dental, physicians and other healthcare facilities business segments. The improved severity and frequency are due to underwriting changes. These changes have resulted in business that experiences fewer larger claims.

In 2007 and 2008, the favorable development is due to improved severity and frequency in the healthcare professional liability business, primarily in dental and other healthcare facilities.

In general, the Medical Malpractice business at CNA has been re-underwritten since 2003. Part of the This re-underwriting effort was implemented to target the most unfavorable jurisdictions, increase the attachments in the Excess Medical Institutions product, decrease limits on the Excess Medical Institutions product, along with rate changes as necessary.

3. With respect to the query to compare company trends to industry trends, regarding the medical malpractice line of business and include information about the specific business written by the company, and, if necessary, reasons why company trends are different from the industry, such information is not readily available. It would be necessary to undertake a vast review of Schedule P data on an industry-wide basis, which would represent an onerous administrative burden.

Exhibit 2B Surplus Study Responses

1. Provide a general discussion regarding the adequacy of surplus reported on Annual Statement, page 3 (Liabilities, Surplus and Other Funds), line 35, Surplus as regards policyholders, as of the last year-end.

   CNA Financial Corporation's ("CNAF") domestic insurance subsidiaries are subject to risk-based capital requirements. Risk-based capital ("RBC") is a method developed by the National Association of Insurance Commissioners ("NAIC") to determine the minimum amount of statutory capital appropriate for an insurance company to support its overall business operations in consideration of its size and risk profile. The formula for determining the amount of RBC specifies various factors, weighted based on the perceived degree of risk, which are applied to certain financial balances and financial activity. The adequacy of a company's actual capital is evaluated by a comparison to the RBC results, as determined by the formula. Companies below minimum risk-based capital requirements are classified within certain levels, each of which requires specified corrective action. As of December 31, 2008 and 2007, all of CNAF's domestic insurance subsidiaries exceeded the minimum risk-based capital requirements. Specifically, the results for Continental Casualty Company ("CCC" or the "Company") and seven of its domestic insurance subsidiaries (collectively referred to as the "Combined Group") as of December 31, 2008 are as follows:

	Total Adjusted Capital	Authorized Control Level RBC
Continental Casualty Company	$ 7,819,051,150	$ 2,044,536,763
National Fire Insurance Company of Hartford	111,394,601	926,152
American Casualty Company of Reading, PA	114,452,575	519,463
Columbia Casualty Company	273,853,863	200,735
Valley Forge Insurance Company	55,577,092	223,697
Transportation Insurance Company	34,756,369	149,668
The Continental Insurance Company	1,509,309,918	110,655,100
The Continental Insurance Company of New Jersey	25,725,899	47,237

   The authorized control level RBC is equal to 50% of the RBC requirement. The Combined Companies total adjusted capital compared with its RBC requirement indicates that capital and surplus are above its RBC requirements.

2. Identify and describe any material events or known material trends, favorable or unfavorable, in the insurer's surplus account in the past five years. This description should include any significant changes in the surplus ratios shown on Exhibit A. If a material unfavorable trend exists, indicate the courses of remedial actions already taken or that are available to the insurer and the effects or potential effects of each. Identify the materiality standard used to respond to this item and provide the basis for this standard.

   Please refer to the following list of significant events, favorable or unfavorable, impacting surplus over the past five years. No material unfavorable trends exist. Events disclosed consist of those items that were deemed to have a material impact to surplus during the year in which they occurred and as such, were subsequently disclosed in the applicable footnote or MD&A.

- **2004 Sale of Individual Life Business** – In February 2004, CCC's wholly-owned subsidiary, Continental Assurance Company ("CAC"), entered into a definitive agreement to sell the individual life insurance business to Swiss Re Life & Health America Inc. ("Swiss Re") for approximately $700 million. Such business included term, universal and permanent life insurance policies and individual annuity products. This transaction closed on April 30, 2004 and was accomplished through (i) the sale to Swiss Re of all of the outstanding capital stock of Valley Forge Life Insurance Company ("VFL"), a wholly owned subsidiary of CAC, (ii) a reinsurance transaction in which CAC ceded to Swiss Re, on a 100% indemnity reinsurance basis, its individual life insurance business, and (iii) the sale to Swiss Re of all of the outstanding capital stock of CNA International Life Corp., a wholly-owned subsidiary of CAC. CCC's increase in statutory surplus from this transaction was in excess of $504 million. While Swiss Re acquired all of the outstanding capital stock of VFL, the individual long term care business of VFL was excluded from the sale and was reinsured to CCC immediately prior to the sale. As of April 30, 2004, VFL's assets, liabilities and surplus were $2,932 million, $2,710 million and $223 million, respectively.

- **2005 Sale of Continental National Indemnity Insurance Company ("CNI")** – On June 30, 2005, Continental National Corporation ("CNC") and CCC, CNI's direct and indirect parent companies, respectively, and Applied Underwriters, Inc. entered into a Stock Purchase Agreement for Applied Underwriters, Inc. to purchase the outstanding shares of common stock of CNI. This transaction closed effective December 30, 2005 and resulted in a statutory gain of approximately $3.4 million, increasing CCC's statutory surplus. This transaction also resulted in a return of capital from CNC to CCC of $13.5 million, which had a neutral effect on CCC's surplus but served to reclassify invested assets. CCC provided verification to the Illinois Department of Financial and Professional Regulation Division of Insurance (the " Illinois Department") that the cash proceeds from the return of capital were received on January 20, 2006 to reflect the return of capital for the period ended December 31, 2005, pursuant to the statutory guidance provided in SSAP No. 72. CCC will continue to reinsure CNI's insurance liabilities prior to the December 30, 2005 effective date of the sale transaction.

- **2005 Sale of Option Companies to the Allstate Corporation and Certain of its Subsidiaries (Allstate)** - Five direct subsidiaries of CCC were sold to Allstate, effective October 1, 2005, pursuant to several agreements executed in October 1999, and corresponding amendments executed subsequently, between CNA and Allstate in order to effect the sale of CNA's personal insurance business to Allstate. These five direct subsidiaries, also referred to as the option companies, included Encompass Insurance Company of Massachusetts, Encompass Home and Auto Insurance Company, Encompass Independent Insurance Company, Encompass Property and Casualty Company and Encompass Insurance Company of America. This sale transaction resulted in a statutory gain of approximately $8.3 million during the fourth quarter of 2005, increasing CCC's statutory surplus as of December 31, 2005.

- **2005 Implementation of SSAP No. 88** – In June 2004, the NAIC adopted SSAP No. 88, a replacement of SSAP No. 46. SSAP No. 88 refines the valuation requirements for investments in non-insurance SCA entities involved in specified activities. SSAP No. 88 was effective after January 1, 2005 and resulted in a reduction of surplus of $20 million as of December 31, 2005.

- **2005 Dividends to The Continental Corporation ("TCC")** – CCC paid ordinary dividends to TCC in the amount of $138 million.

- **2006 Series H Issue Repurchase** – As indicated above, In December 2002, CNA sold $750 million of a new issue of preferred stock, the Series H Issue, to Loews. The Series H Issue accrued cumulative dividends at an initial rate of 8% per year, compounded annually. In August 2006, CNA repurchased the Series H Issue from Loews for approximately $993 million, a price equal to the liquidation preference.

CNA financed the repurchase of the Series H Issue with the proceeds from its sales of: (i) 7.0 million shares of its common stock in a public offering for approximately $235.5 million; (ii) $400 million of new 6.0% five-year senior notes and $350 million of new 6.5% ten-year senior notes in a public offering; and (iii) 7.86 million shares of its common stock to Loews in a private placement for approximately $264.5 million. CNA used the proceeds in excess of the amount used to repurchase the Series H Issue to fund the repayment of its $250 million outstanding 6.75% senior notes in November 2006.

- **2006 Dividends to TCC** – CCC paid ordinary dividends to TCC in the amount of $93 million.

- **2007 Internal Revenue Service Settlement** - The Loews consolidated federal income tax returns have been settled with the Internal Revenue Service (IRS) through 2005. The tax return for 2005, including related carryback claims for refund, was approved by the Joint Committee on Taxation in 2007. As a result, CNA has recorded a Federal income tax benefit of approximately $2 million. Similarly, the tax returns for 2002-2004, including related carryback claims for refund, were approved by the Joint Committee on Taxation in the third quarter of 2006. As a result, CNA has recorded net refund interest of approximately $4 million and a related Federal income tax benefit of approximately $47 million, received from CNAF, in the third quarter of 2006.

- **2007 CAC Dividend** - On May 29, 2007, CAC, a direct subsidiary of the CCC, declared and accrued a dividend totaling $250 million that was paid on July 2, 2007. Payment of the dividend consisted of $102.5 million in Home Office real estate and $147.5 million in cash. In accordance with SSAP No. 97, CCC reduced the carrying amount of its investment in CAC by $106.6 million, the amount by which the dividend exceeded the undistributed accumulated earnings of CAC attributable to CCC.

- **2007 Write downs for Impairments** - CNA recorded $776 million in investment impairment losses included in net realized investment losses in the combined statements of operations – statutory basis for the year ended December 31, 2007. The impairment losses primarily related to securities in the corporate and other taxable bonds, asset-backed bonds, and U.S. Government bonds sectors and common stocks.

- **2007 Dividends to TCC** – CCC paid ordinary dividends to TCC in the amount of $206 million.

- **2008 CCC Stock Redemption** - On June 16, 2008, the Company redeemed, and subsequently retired, 730,045 shares of its outstanding common stock from TCC for approximately $500 million. The repurchase price of $684.89 per share was determined by combining the Company's common capital stock and gross paid in and contributed capital balances as of March 31, 2008, and dividing by the number of shares outstanding. This transaction was accounted for in accordance with SSAP No. 72 – Surplus and Quasi-reorganizations and was approved by the Department.

- **2008 Loews Capital Support** - Under an agreement executed effective October 27, 2008, CNAF issued, and Loews purchased 12,500 shares of CNAF non-voting cumulative senior preferred stock (2008 Senior Preferred) for $1.25 billion. The transaction closed on November 7, 2008. The terms of the 2008 Senior Preferred were approved by a special review committee of independent members of CNA's Board of Directors. The principal terms of the 2008 Senior Preferred are as follows

- The 2008 Senior Preferred is perpetual and is senior to CNA common stock and any future preferred stock as to the payment of dividends and amounts payable upon any liquidation, dissolution or winding up.

- No dividends may be declared on CNAF common stock or any future preferred stock until the 2008 Senior Preferred has been paid in full. Accordingly, CNAF has suspended common stock dividend payments

- The 2008 Senior Preferred is not convertible into any other securities and may only be redeemed upon the mutual agreement of CNA and Loews

- The 2008 Senior Preferred accrues cumulative dividends at an initial rate of 10% per year. On the fifth anniversary of the issuance and every five years thereafter, the dividend rate will increase to the higher of 10% or the then current 10-year U.S. Treasury yield plus 700 basis points.

- Dividends are payable quarterly and any dividends not paid when due will be compounded quarterly. CNA paid $19 million on December 31, 2008, representing the first quarterly dividend payment on the 2008 Senior Preferred.

  CNAF used the majority of the proceeds from the 2008 Senior Preferred to increase the statutory surplus of CCC through the purchase of a $1.0 billion surplus note effective as of November 7, 2008. The surplus note has a term of 30 years and accrues interest at a rate of 10% per annum. All payments of interest and principal are subject to prior approval by the Illinois Department of Financial and Professional Regulation - Division of Insurance (the Illinois Department). Subject to the prior written approval of the Illinois Department, CCC may prepay the surplus note in whole or part at any time, as long as CCC's NAIC Authorized Control Level Risk Based Capital is in excess of 250%. Payments of interest will be made on the last business day of each quarter. Payment of principal and interest is expressly subordinated to claims of creditors and policyholders and CCC shall not issue any securities which are senior to or pari passu with the surplus note.

- **2008 CNA Aseguradora de Riesgo de Trabajo SA ("CNA ART") Dividend** - CCC received a dividend of $26.5 million from an Argentine insurance subsidiary, CNA ART on December 17, 2008. This dividend exceeded the Company's undistributed accumulated earnings attributable to CNA ART. As such, in accordance with SSAP No. 97, the Company recognized $2.1 million of the amount received as dividend income with the remainder reducing the Company's carrying value of its investment in this subsidiary. The Continental Insurance Company ("CIC") also received a dividend of $540,000 from CNA ART on December 17, 2008. This dividend also exceeded the Company's undistributed accumulated earnings attributable to CNA ART. As such, in accordance with SSAP No. 97, the Company recognized $235,224 of the amount received as dividend income with the remainder reducing the CIC's carrying value of its investment in this subsidiary.

- **2008 CNA National Warranty Corporation ("CNA National") Capital Contribution** - On September 30, 2008, TCC contributed its 100% ownership share of CNA National to CCC. CNA National was transferred to CCC at its GAAP equity value of $107.3 million, which reflects a one month reporting lag. In accordance with SSAP No. 97, this reporting lag will be consistently applied from period to period.

- **2008 TCC Capital Contribution** - On December 30, 2008, TCC contributed $500 million of cash and securities to CCC.

- **2008 CNA Europe Holdings Limited ("CEHL") Capital Contribution** - On December 31, 2008, TCC contributed its 72.72% ownership share of CEHL to CCC. In accordance with SSAP No. 97, CCC utilizes the look-through approach to value its investment in CEHL. Using this method, CEHL was transferred to CCC at a value of $204.6 million.

- **2008 Dividends to TCC** – CCC paid ordinary dividends to TCC in the amount of $197 million.

- **2008 Deferred Income Tax Permitted Practice** - During 2008, CCC was granted a permitted accounting practice, which differs from the NAIC statutory accounting practices (NAIC SAP), relating to the accounting for deferred income taxes. Under SSAP No. 10 - Income Taxes, the amount of deferred tax assets that are admissible is limited to, among other things, the lesser of those that will be realized within one year of the balance sheet date or 10% of statutory capital and surplus. The permitted accounting practice expands this limit to those deferred tax assets that will be realized within three years of the balance sheet date or 25% of statutory capital and surplus. There is no impact on net income as a result of following this permitted practice and the resulting impact on statutory capital and surplus is a $733 million increase as of December 31, 2008. Statutory capital and surplus, as of December 31, 2007, was not impacted by this permitted practice as it was granted, effective December 31, 2008, and will remain in effect through September 30, 2009.

A reconciliation of CCC's net income and capital and surplus between NAIC SAP and practices prescribed and permitted by the state of Illinois is shown below.

(in millions)		**2008**		**2007**
Net Income, state basis	$	459	$	350
State prescribed practices (Income)		0		0
Net Income, NAIC SAP		459		350
Statutory Surplus, state basis	$	7,819	$	8,348
State Permitted Practice (Deferred tax asset)		(733)		0
Statutory Surplus, NAIC SAP	$	7,086	$	8,348

- **2008 Impairments** - The Combined Companies recorded $1,419 million in investment impairment losses included in net realized investment losses in the combined statements of operations – statutory basis for the year ended December 31, 2008. The impairment losses primarily related to securities in the asset-backed, preferred stock, and corporate security sectors.

- **2008 Impairments – Affiliates** - Net realized investment losses in the statement of income for the year ended December 31, 2008, included other-than-temporary impairment losses on the wholly owned investment in common stock of CCC's subsidiary CNA ClaimPlus, Inc. CNA ClaimPlus, Inc. was impaired primarily due to operating losses over the past year.

  CNA ClaimPlus, Inc. was impaired to its GAAP equity values for the year ended December 31, 2008. The impairment recorded for CNA ClaimPlus, Inc. was $21 million.

Company Defined Items

1. Where the county indicated for a policy in our data systems was in another state, we first attempted to determine the county based on the county recorded for the insured, then based on the county in which the loss occurred. If none of these indicated a county in Illinois, or the county was recorded as “Unknown”, we reported the county as “Other” (#103). This approach was undertaken to minimize the amount of loss dollars reported as “Other”.

2. We have not made any changes to our reserving philosophy in the past ten years in terms of how we evaluate damages and case value. Our reserving practices over the past ten years have involved continuous efforts to strive for timely and accurate reserving. In our view, such diligence has improved case reserve accuracy and has resulted in strengthening of the case reserves. The data reflect this case reserve strengthening, beginning in 2003, and applying to all medical malpractice products. This causes a sharp increase in the calendar year 2003 diagonal of the incurred loss triangle relative to prior years. In the years since 2003, compared to the years prior to 2003, a different development pattern has emerged. A more recent development includes the increased use of national counsel in severe cases. This inititiative results in larger ALAE payments, especially with respect to the Nurses Professional Liability Program. Our claim payment practices have not materially changed over the past ten years.

3. A claim is closed in our system when the indemnity plus expense reserves are $0. We have not implemented any material change to the definition of “closed claim”.

4. Individual healthcare providers may purchase a separate limit corporate policy for their practice. For facility products (hospitals, allied healthcare facilities, excess institutions, etc.), the policy is considered a “corporate” policy.

   We provide professional liability coverage to hospitals and allied health care facilities for claims arising from an act, error or omission in the rendering of "professional services", as defined in Form G-144101-A, and as set forth in the Healthcare Liability Policy Common Conditions, G-144102-A, as filed and approved by the Illinois Department of Financial and Professional Regulation Division of Insurance.

5. The base classes and base territories from recent rate filings differ by product, as shown in the following table.

Product	Base Class	Base Territory	Any Changes In Past 10yrs?
Nurses	None	Entire State	No
CRNA	CRNA	Remainder of State	No
Dental	Dentist	Remainder of State	No
Hospitals	Occupied Acute Care Bed	Remainder of State	No
Allied Healthcare Facilities	NA	NA	NA
Chiropractors	Class I	Remainder of State	No
Excess Institutions	NA	NA	NA
Physicians	Family Practice - No Surgery	Remainder of State	No

6. No adjustments have been made to the exposures for extended reporting endorsements.

7. The tail factors shown in our Continental Casualty Company (FEIN# 36-2114545) and Continental Insurance Company (FEIN# 13-5010440) ASCII files are for Physicians only. Other

tail factors are shown below. The tail factors are based on mature premiums, except for the Dental and Chiropractor factors, which are based on expiring annual premiums.

Company	Product	Maturity	TailFactors
ACCO	Nurses	1	0.92
ACCO	Nurses	2	1.43
ACCO	Nurses	3	1.70
ACCO	Nurses	4 or more	1.87
ACCO	CRNA	Any	1.00
ACCO	Acupuncturist	1	0.92
ACCO	Acupuncturist	2	1.43
ACCO	Acupuncturist	3	1.70
ACCO	Acupuncturist	4 or more	1.87
CCC	Dental	1	0.79
CCC	Dental	2	1.23
CCC	Dental	3	1.45
CCC	Dental	4 or more	1.57
CIC	Hospitals	1	0.74
CIC	Hospitals	2	1.05
CIC	Hospitals	3	1.19
CIC	Hospitals	4	1.27
CIC	Hospitals	5 or more	1.31
CCC	Hospitals	1	0.74
CCC	Hospitals	2	1.05
CCC	Hospitals	3	1.19
CCC	Hospitals	4	1.27
CCC	Hospitals	5 or more	1.31
CCC	Allied HealthCare Facilities	1	0.75
CCC	Allied HealthCare Facilities	2	1.15
CCC	Allied HealthCare Facilities	3	1.30
CCC	Allied HealthCare Facilities	4	1.35
CCC	Allied HealthCare Facilities	5	1.40
CCC	Chiropractors	1	1.42
CCC	Chiropractors	2	1.34
CCC	Chiropractors	3	1.23
CCC	Chiropractors	4 or more	1.21

8. The expense factors shown in our Continental Casualty Company (FEIN# 36-2114545) ASCII file are for physicians only. Other expense factors are as follows:

Product	**Company**	**Expense**	**Contingency**	**DDR**	**Commission**	**Tax**	**Impact**	**Misc**	**Misc Name**
Nurses	ACCO	48.99%	0.00%	0.00%	40.00%	1.88%	1.000	-0.70%	profit
CRNA	ACCO	27.90%	0.00%	2.50%	20.00%	2.60%	1.000	0.80%	profit
Dental	CCC	35.20%	0.00%	0.00%	23.60%	0.50%	1.000	0.70%	profit
Acupunctu	ACCO	46.70%	0.00%	0.00%	40.00%	1.75%	1.000	1.36%	profit
Chiro	CCC	35.30%	0.00%	0.00%	20.00%	3.00%	1.000	1.10%	profit
Allied	CCC	33.10%	0.00%	0.00%	10.00%	3.00%	0.979	5.80%	profit
Hospitals	CIC	24.10%	0.00%	0.00%	10.00%	2.40%	1.000	0.90%	profit
Hospitals	CCC	24.10%	0.00%	0.00%	10.00%	2.40%	1.000	0.90%	profit

Except for the CRNA amounts, the amounts shown in the Expense fields include all expenses and ULAE, but not our profit provision. The amounts shown in the CRNA Expense fields include all expenses except ULAE and our profit provision.

9. The Miscellaneous factors shown in the above table are all attributable to our profit load. These are the only “other” factors used in the rate filing to establish rates.

10. The level of detail of ULAE Paid Coding within our information technology systems did not permit identification of the Health Care Insurer Type. Therefore, we allocated the Medical Malpractice ULAE Paid amounts based on the Net Paid amounts in the corresponding categories.

The level of detail of Assumed IBNR Reserves within our information technology systems also did not allow for identification of the Health Care Insurer Type. Therefore, we allocated based on the percentage of Case Assumed Reserves to create the IBNR Assumed portion.

The system that houses our claim counts does not contain the same detail asked for in this data request. In identifying the correct gross claim counts reported, we used the business unit type that housed the claim counts to determine the Health Care Insurer Type.

The Policy Type (Code) is either CMPA or OERE (4 characters long). In Appendix B, this field is assigned a character length of 2. In 2007, per information received from Associate Casualty Actuary Julie Anderson, Illinois Department, we have given this field a length of 4, which pushes all the remaining fields over two character places.

Where the Direct and Assumed Loss and Loss Expense Percentage did not fit in the allotted space with the specified formatting, we have left the field blank. In these cases, the value that would otherwise be shown would be meaningless (2000% of 50, -153% of -200, etc.). This field can be calculated off of other values shown in the file to the extent that the Illinois Department expresses interest in the value and notifies us to that effect.

<u>Other Notes on ASCII Files</u>

In general, if a number or word did not fill the appropriate number of character places, we have filled the empty character places with spaces. In places where there was no applicable data, we have also filled in spaces. This ensures that any data to the right of the blank area falls in the right location.

To eliminate problems with numbers being too large for their allotted column lengths, we have reported all of our amounts in thousands of dollars.

Exhibit 1a
We do not track whether a specific claim is asserted against an individual or a corporate policy. We, therefore, assumed that all claims in products that were primarily individual policies were, in fact, claims against the individuals. For example, claims in our physicians product were assumed to be against individuals, and claims in our primary institutions product were assumed to be against corporations.

Exhibit 1b
Where the limits were not recorded in our data systems, we recorded the limit to be “0/0”.
Where the limits would otherwise be “1,000,000/1,000,000”, we have abbreviated to reflect “1M/1M” in order to remain within the spatial constraints of the column. Note that this remains in thousands of dollars.
Certain historical data for the company is excluded from the exposure exhibits. Below is a description of the reasons for each exclusion:

- We have no exposure information for our Excess Institutions policies.
- We have no exposure information for our Captives policies.
- Records that did not have a recognizable ISO Code.
- Records for which the there is an ISO Code, but the code has no rating basis.
- All other records for which an exposure could not be determined.

Reconciliation

Our analysis of the Illinois Medical Professional Liability Insurance Uniform Claims Report has revealed that discrepancies may arise between those medical malpractice claims reported to the National

Association of Insurance Commissioners (NAIC) and those claims reported to the Illinois Division of Insurance due to the governing standards for claim reporting that may result in inconsistent data based upon the unique reporting requirements of both entities.

With respect to the NAIC "Supplement A to Schedule T" reporting, claim reporting data is submitted based upon the calendar year. Consequently, a claim payment made on December 15, 2008 would not require reporting to the Illinois Division of Insurance Regulation until ninety (90) days after the end of the quarter, or March 31, 2009. Nevertheless, the same claim payment would be included in the 2008 NAIC "Supplement A to Schedule T". Therefore, such inconsistencies may perpetually arise due to timing differences applying to the reports submitted to the Illinois Division of Insurance and the NAIC. Moreover, it should be noted that on the "Supplement A to Schedule T", each payment may reflect multiple claims for purposes of the "Supplement A to Schedule T" Statement. Nevertheless, the claim was reported to the Division of Insurance as one claim with multiple payments. A claim payment included in the 2008 NAIC "Supplement A to Schedule T" may not have been reported to the Illinois Division of Insurance for a variety of reasons which make a claim not reportable under Illinois law. For example, the claim may have represented: 1) a structured settlement payment reported at the time of settlement but not in later years, 2) a health care professional disciplinary board action which is not reportable; 3) a claim settled within a self-insured retention for which the Insured may report the claim directly to the Division of Insurance or retain a third-party administrator to report the claim on its behalf; or 4) other matters pertaining to the litigation status of the specific claim.

As a result of the issues enumerated above, it would be impossible to fully reconcile the claims data reported on the NAIC Statement with the claims reported with respect to the Illinois Medical Professional Liability Insurance Uniform Claims Report.